



October 17, 2011

**Industry, CA Processing and Distribution
Center Originating Mail Consolidation**

Report Number NO-AR-12-002

IMPACT ON:

Mail processing operations in the Santa Ana District of the Pacific Area.

WHY THE OIG DID THE AUDIT:

We performed this review as a result of a congressional request to examine the proposed consolidation of originating letter and flat mail processing operations from the Industry, CA Processing and Distribution Center (P&DC) into the Santa Ana, CA P&DC. Our objectives were to determine whether a business case exists to support the consolidation and assess compliance with established area mail processing (AMP) guidelines.

WHAT THE OIG FOUND:

There is a business case to support the consolidation, which will result in cost savings of approximately \$1.32 million annually. Our analysis also indicated that (1) adequate machine and facility capacity exists to process mail at the gaining facility, (2) customer service will be minimally impacted, (3) no career employees will be laid off at either location, although there may be some reassignments, (4) the Santa Ana P&DC is more efficient and processes its mail volumes at a higher productivity level than Industry P&DC, and (5) AMP guidelines were generally followed. We noted that management did not meet one AMP timeline, which had no impact on the business case.

We also found that service impacts to Priority Mail® and package services were incorrectly included in the study.

WHAT THE OIG RECOMMENDED:

We are making no recommendations as the findings support a consolidation and AMP guidelines were generally followed. During the audit, management took corrective action to exclude Priority Mail and package services from the study.

WHAT MANAGEMENT SAID:

Management agreed with our finding that there is a business case to support the consolidation.

AUDITORS' COMMENTS:

Although the report does not contain any recommendations, the U.S. Postal Service Office of Inspector General (OIG) considers management's comments responsive.